US consumer sentiment at highest since 2021

US stocks showed a narrow gain last week as performance was mixed due to changing sentiment amongst investors. It was a relatively quiet week in terms of US data whilst also being a shorter week because of the Martin Luther King Jr holiday on Monday. Early in the week, a few regional activity figures such as the New York Empire State Manufacturing index, indicated a modest slowdown in demand. On Wednesday however, the US Census Bureau released Retail Sales figures which exceeded expectations, rising by 0.6% compared to 0.3% the previous month, whilst online sales grew by 1.5% and hit a new record high. The figures imply that consumption remains stable in the US. On Friday, the heavily watched University of Michigan's Survey of Consumers was released, which showed that consumers have grown more confident about the direction of the economy and inflation at the beginning of 2024. The survey showed a reading of 78.8 for January, its highest level since July 2021. Whilst on a two-month basis, sentiment showed its largest increase since 1991.

Across the Atlantic in Europe, stocks were in negative territory. Stocks declined following comments from European Central Bank (ECB) policymakers that a reduction in interest rates may take longer than investors had initially expected. Speaking at the World Economic Forum, ECB President Christine Lagarde signalled that rate cuts would likely be in Summer as opposed to the generally expectation of markets that this would occur in Spring.

In Asia, Chinese equities slumped as the economic outlook continues to remain poor. The countries slow economic outlook has also been exacerbated by rising geopolitical tensions, particularly involving Taiwan. In recent weeks, Taiwan's ruling Democratic Progressive party won an exceptional third term in office. The DPP is seen as a defiant choice against China in Taiwan, which continues to claim Taiwan as part of its territory.

Fact of the Week

Taiwan's share of global semiconductor foundry capacity stood at about 46% as of 2023, followed by China (26%), South Korea (12%), the U.S. (6%), and Japan (2%).

Our regular market information continues on the next page.

Snapshot

World Equities
Oil
Copper

Sovereign Bonds
Corporate Bonds
Gold

The week ahead

24 Jan	US Manufacturing and Services PMIs are released.
25 Jan	ECB Interest Rate Decision.
26 Jan	US Core PCE Price Index is issued.

	1 Week Return 15.01.24 to 22.01.24		Year to Date Return 31.12.23 to 22.01.24	
	Local Currency	Euro	Local Currency	Euro
World	0.2%	1.0%	0.2%	1.7%
U.S.	1.2%	2.0%	1.4%	2.9%
Europe	-1.3%	-1.3%	-1.7%	-1.7%
Ireland	7.9%	7.9%	3.3%	3.3%
U.K.	-2.3%	-2.2%	-3.4%	-2.5%
Japan	0.8%	-0.8%	6.8%	3.2%
Hong Kong	-4.7%	-4.0%	-9.8%	-8.6%
Corporate Bonds	-0.7%	-0.7%	-1.4%	-1.4%
Sovereign Bonds	-1.1%	-1.1%	-2.3%	-2.3%

Equities

- Global stocks were up last week by 1.0% in euro terms and 0.2% in local terms.
- Year-to-date global markets are up by 1.7% in euro terms and by 0.2% in local terms.
- The U.S market, the largest in the world, finished up 2.0% in euro and 1.2% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.1% last week. The German equivalent finished at 2.3%. The Irish 10-year bond yield finished at 2.8%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at $73 per barrel and is up 3.8% year-to-date in euro terms.
- Gold finished the week at $2,030 per troy ounce and is down -0.4% year-to-date in euro terms.
- Copper finished the week at $8,272 per tonne.

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